

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

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In the Matter of:

THE APPLICATION OF BLUE GRASS)	
RURAL ELECTRIC COOPERATIVE CORPORATION))	
FOR AN ORDER AUTHORIZING A PASS-)	CASE NO. 8415-B
THROUGH OF EAST KENTUCKY POWER WHOLE-)	
SALE POWER RATE INCREASE IN)	
CASE NO. 8400)	

O R D E R

Blue Grass Rural Electric Cooperative Corporation ("Applicant") filed its application to flow through any increase in rates granted its wholesale power supplier, East Kentucky Power Cooperative, Inc., ("East Kentucky") in Case No. 8400. Applicant is one of 18 member distribution cooperatives of East Kentucky. In Case No. 8400, East Kentucky requested an increase in revenue of approximately \$24,110,886. Of this total increase, Applicant would experience an increase in power costs of approximately \$1,027,509, which represents 4.26 percent of the proposed East Kentucky increase and would result in an overall increase to Applicant's consumers of 18.2 percent.

On December 18, 1981, the 18 distribution cooperatives of East Kentucky filed a motion requesting that they be permitted to deviate from the Commission's filing requirements and to flow through the increase by use of a purchased power adjustment clause promulgated by the Commission. In its order of February 3, 1982, the Commission authorized Applicant to deviate from the

filing requirements and to file certain information deemed essential to the Commission's consideration of the request to flow through any wholesale power increase received from East Kentucky.

Hearings were held on April 27 and 28, 1982, at the Commission's offices in Frankfort, Kentucky. The Consumer Protection Division of the Attorney General's Office, Charles F. Cook of Clark County, Kentucky, and Sarah A. Bowers, Mt. Hermon, Kentucky, were the intervenors of record.

It is the opinion of the Commission that the most equitable method to use in processing the increased power cost for rate-making purposes in this case is the energy adder per metered KWH sales. All of the Applicants except Clark Rural Electric Cooperative and Grayson Rural Electric Cooperative used this method. These two applications have been adjusted to this method.

The Commission, having considered the evidence of record and being advised, is of the opinion and finds that:

(1) The actual increase allowed East Kentucky in Case No. 8400 is \$14,951,106 which will result in an increase in power costs to Applicant of \$638,200.

(2) Applicant's financial condition would be materially impaired if it were not allowed to recover the increased wholesale power costs allowed in Case No. 8400.

(3) The revised rates and charges in Appendix A are designed to reflect only the increased power costs from East Kentucky allowed in the final order in Case No. 8400.

(4) The flow-through of the wholesale power costs will not result in any additional net margin to Applicant.

(5) The most equitable method to use in processing the increased power costs for rate-making purposes is the energy adder charge, which should be used to determine the final rates in this case.

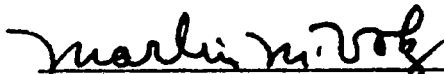
IT IS THEREFORE ORDERED that Blue Grass Rural Electric Cooperative Corporation is hereby authorized to flow through the increased power costs resulting from the rate increase granted its wholesale power supplier, East Kentucky Power Cooperative, Inc., in Case No. 8400.

IT IS FURTHER ORDERED that the rates in Appendix A shall be placed into effect on the effective date of the East Kentucky wholesale power increase.

IT IS FURTHER ORDERED that Blue Grass Rural Electric Cooperative Corporation shall, within 20 days from the date of this order, file its revised tariff sheets setting out the rates and charges approved herein.

Done at Frankfort, Kentucky, this 3rd day of June, 1982.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:

Secretary

APPENDIX A

APPENDIX TO AN ORDER OF THE PUBLIC SERVICE
COMMISSION IN CASE NO. 8415-B DATED JUNE 3, 1982

The following rates and charges are prescribed for the customers in the area served by Blue Grass Rural Electric Cooperative Corporation. All other rates and charges not specifically mentioned herein shall remain the same as those in effect under the authority of this Commission prior to the date of this Order.

GS - 1 (GENERAL SERVICE)

Rate:

Customer Charge	No usage	\$5.30	Per Meter, Per Month
First 600 KWH Per Month		.06170	Per KWH
All Over 600 KWH Per Month		.05133	Per KWH

Minimum Charges:

The minimum monthly charge under the above rate shall be \$5.30. Payment of the minimum charge shall entitle the consumer in all cases to the use of the number of kilowatt-hours corresponding to the minimum charge in accordance with the foregoing rate.

C 1 - COMMERCIAL AND INDUSTRIAL LIGHTING & POWER SERVICE

Rate:

Demand Charge

First 10 KW of Billing Demand	No Charge
Over 10 KW of Billing Demand Per KW	\$4.65

Energy Charge (Under 50 KW)

First 3,000 KWH	\$.06472
All Over 3,000 KWH	\$.05011

<u>Customer Charge</u>	\$6.95
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Minimum Charge:

The minimum monthly charge under the above rate shall be \$6.95 where 5 kva or less of transformer capacity is required. For consumers requiring more than 5 kva of transformer capacity, the minimum monthly charge shall be one of the following charges as determined for the consumer in question.

- (a) The minimum monthly charge as specified in the contract for service.
- (b) A charge of \$0.75 per KVA per month of contract capacity.
- (c) A charge of \$25.00.

LP - #1 - LARGE POWER

Rate:

Maximum Demand Charge

\$4.65 Per Month Per KW of Billing Demand

Energy Charge (51-500 KW)

First	10,000 KWH	\$.05078 Per KWH
Next	15,000 KWH	.04408 Per KWH
Next	50,000 KWH	.03848 Per KWH
Next	75,000 KWH	.03618 Per KWH
All Over	150,000 KWH	.03448 Per KWH

Customer Charge \$24.00 Per Month

Special Provisions:

3. Primary Service (delete)

LP - #2 LARGE POWER

Rate:

Maximum Demand Charge

\$4.65 per month per KW of Billing Demand.

Energy Charge (Over 500 KW)

First	3,500 KWH	\$.05055 Per KWH
Next	6,500 KWH	.04228 Per KWH
Next	140,000 KWH	.03715 Per KWH
Next	200,000 KWH	.03560 Per KWH
Next	400,000 KWH	.03468 Per KWH
Next	550,000 KWH	.03376 Per KWH
All Over	1,300,000 KWH	.03284 Per KWH

Customer Charge \$24.00 Per Month